

2006 legislative update

The 2006 session wrapped up on March 8. Twelve pension-related bills were passed by legislators and signed into law by Governor Gregoire. Here's a breakdown:

Multiple retirement systems

- House Bill 2681 sets minimum contribution rates and establishes funding targets in PERS, PSERS, SERS and TRS.
- House Bill 2684 allows PERS, SERS and TRS Plans 3 members to vest (become eligible for a pension) after completing ten service credit years, or after completing five service credit years that include 12 service credit months after the age of 44.
- House Bill 2690 allows members of PERS, WSPRS, TRS, SERS, LEOFF and PSERS to purchase up to five years of additional service credit at the time of normal retirement. This service credit cannot be used to qualify for retirement or early retirement eligibility that is based on years of service and the cost for the purchase is the full actuarial value of the increase to the benefit.
- Senate Bill 6453 expands a 2004 bill to set a minimum benefit level for PERS Plan 1 and TRS Plan 1 retirees who have at least 20 years of service and have been retired for at least 25 years. It also adds an automatic 3% increase each year, beginning July 1, 2006.

Law Enforcement Officers' and Fire Fighters' Retirement System

- House Bill 2688 removes the benefit cap of 60% of final average salary for LEOFF Plan 1 members enrolled on or after February 19, 1974.
- House Bill 2932 guarantees LEOFF Plan 2 members who are severely disabled in the line of duty a benefit equal to 70% of their final average salary.

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“Retirement is a new beginning; one door closes, and another opens.”

Dr. Henry P. Kirk, retired president of Centralia College

Dr. Kirk retired in 2002 after 40 years in higher education. Post-retirement he, along with his wife Jenny Sheldon Kirk (a retired administrator with 25+ years in higher education), helped develop a new university in Malawi, Africa.

New retirement system: are you eligible?

PSERS election period: July 1 through September 30, 2006

On July 1, 2006 the new Public Safety Employees' Retirement System (PSERS) became effective. Members of the Public Employees' Retirement System (PERS) Plan 2 or 3, working in PSERS eligible positions on July 1, 2006, have the option of joining PSERS or remaining in PERS.

If you are eligible to join PSERS and you want to do so, you must submit a completed *PSERS Election Form* by **September 30, 2006**. If you wish to remain in PERS, you don't need to do anything.

To be eligible, you must meet one of the following criteria:

- a) Completion of a certified criminal justice training course with authority to arrest, conduct criminal investigations, enforce the criminal laws of Washington, and carry a firearm as part of the job;
- b) Primary responsibility to ensure the custody and security of incarcerated or probationary individuals;
- c) Function as a limited authority Washington peace officer, as defined in RCW 10.93.020; or
- d) Primary responsibility to supervise eligible members.

Are you wondering whether to remain in PERS or join PSERS? If you are a PERS member working in a PSERS position, you should have received an information packet from your employer. Packets include the *PSERS Member Handbook*, the *PSERS Election Form*, and *Benefit Estimate Worksheets* for both PSERS and PERS. To help with your decision, you can also create a PERS estimate by visiting the DRS Web site at www.drs.wa.gov. Click **Online Account Access** or the **Benefit Estimators** link.

If you elect to join PSERS, the contributions and service credit you earned in PERS will remain in PERS. You will then accumulate service credit and contributions in PSERS from your election date. You will be a dual member, meaning you will have membership in both PERS and PSERS.

Questions? Visit the DRS Web site at www.drs.wa.gov or contact a PSERS Retirement Services Analyst at (800) 547-6657 ext. 47890 or (360) 664-7890. ■

Retirement Planning

Do you have questions about retirement planning? Answers are just a quick click away on the DRS Web site. Visit www.drs.wa.gov and **Quick Click** on **Retirement Planning** to the right of the home page. The newly redesigned page includes links to frequently asked questions (FAQs), a retirement planning checklist, online benefit estimators and information about seminars and workshops. If you have suggestions for other information you'd like to see on the Retirement Planning Web page, please e-mail us at myideas@drs.wa.gov.

Prepare for a positive outcome

You may live longer than you think. According to Assistant Professor of Public Policy at Harvard University Jeffrey R. Brown, today's typical 65-year-old man and woman can expect, on average, to live to ages 81 and 85 respectively. More than 17 percent of 65-year-old men and 31 percent of 65-year-old women are expected to live to age 90 or beyond.

Here in Washington, approximately 3,500 public employee retirees are age 90 or older. More than a hundred retired members are over 100 years old. (*Editor's note: check out our new column, Centenarians Speak Out, on page 5.*)

Modern health care has extended the average life span, which is good news. The bad news is that a longer life span could result in some of us outliving our retirement resources.

What can you do?

Make a plan

Decide what kind of lifestyle you want to lead when you retire. For instance, will you move to a tropical island? Or will you open a business and need start-up capital? Maybe you'd like to move closer to your children.

Take a clear hard look at what your expenses might be and set up a budget. Then look at how much you're saving for retirement, including your state-provided pension. Is it enough to cover the type of retirement you want? ■

The top ten reasons to attend a DRS seminar before you're close to retirement

10. You'll meet the friendly people who work for DRS and spend all day thinking about your retirement.
9. You'll discover why you should be spending at least part of one day thinking about your retirement.
8. You'll amaze friends and coworkers by tossing around phrases like "dual membership" and knowing what they mean.
7. You'll learn about the ins and outs of estate planning, no matter how large or small your estate.
6. You'll receive a planning workbook packed with information you can use now and later. It would be a bestseller if we sold it. Really.
5. You'll find out why timing can make a difference when you retire.
4. You'll meet people who are such experts on your specific retirement plan, you can ask any question and not stump them. Try it.
3. You'll learn about the pension rights and benefits you're guaranteed under state law.
2. You'll find out why the acronym DCP has now become a verb, as in "I DCP, do you DCP?"*

And the number one reason...

1. You'll learn how to prepare for retirement while you still have time to do it. ■

** DCP actually stands for the Deferred Compensation Program. It's not officially a verb, but who are we to argue with thousands of happy people?*

Plan ahead for your retirement



DRS offers free planning seminars and workshops. Your spouse or partner is welcome to attend.

Seminars run from 8:00 a.m. to 5:00 p.m.

and include presentations on financial and estate planning, health insurance, Social Security, the Deferred Compensation Program and the specifics of your retirement plan.

Workshops run 60 to 90 minutes and cover service credits, retirement eligibility, benefit calculations, payment options and other plan-specific information.

These are group presentations. Individual appointments are available by contacting DRS at

recep@drs.wa.gov or by calling (800) 547-6657 or (360) 664-7000 in the Olympia area.

How to register:

- Online - Via the Internet at www.drs.wa.gov: click the Retirement Planning “Quick Clicks.”
- Telephone - Call 1-888-711-6676 or (360) 664-7300 in the Olympia area. The TDD line is toll-free at 1-866-377-8895 or (360) 586-5450 in the Olympia area.
- E-mail, U.S. mail or campus mail - Send your registration to register@drs.wa.gov or to PO Box 48380, Olympia, WA 98504-8380 or by campus mail to MS 48380. If your spouse or partner will attend with you, include that person’s name.

Seminar and Workshop Dates and Locations September - December 2006

Saturday, September 16 - Vancouver

Saturday, November 4 - Tacoma

Saturday, September 30 - Everett

Saturday, November 18 - Bellingham

Saturday, October 14 - Pasco

Saturday, December 2 - Tumwater*

Saturday, October 21 - Spokane*

Note: All locations include workshops for PERS, PSERS, SERS and TRS members. LEOFF and WSPRS workshops are offered only at the locations shown with an asterisk (*).

Workshop Schedule

| | PLAN 1 | PLAN 2 | PLAN 3 |
|---------------|-------------------------|-------------------------|-------------------------|
| PERS | 1:00 p.m. – 2:30 p.m. | 11:15 a.m. – 12:45 p.m. | 11:15 a.m. – 12:45 p.m. |
| PSERS* | --- | 11:15 a.m. – 12:45 p.m. | --- |
| SERS | --- | 11:15 a.m. – 12:45 p.m. | 11:15 a.m. – 12:45 p.m. |
| TRS | 1:00 p.m. – 2:30 p.m. | 11:15 a.m. – 12:45 p.m. | 11:15 a.m. – 12:45 p.m. |
| LEOFF | 11:15 a.m. – 12:25 p.m. | 1:35 p.m. – 2:35 p.m. | --- |
| WSPRS | 12:30 p.m. – 1:30 p.m. | --- | --- |

*The Public Safety Employees’ Retirement System (PSERS) Plan 2 Workshop is part of the Plan 2 group workshop.

DRS is planning seminars in the following cities during 2007: Bellingham, Bremerton, Edmonds, Ellensburg, Everett, Kelso, Mount Vernon, Pullman, Renton, Seattle, Spokane, Tacoma, Tri-Cities, Tumwater, Vancouver, Wenatchee and Yakima.

Centenarians speak out:

100 words of wisdom from Elizabeth Kuehnoel



TRS retiree Elizabeth Kuehnoel, age 101, still teaches a class that draws students from both the retirement home where she lives and the surrounding Lynden area.

"I teach a smattering of everything: geology, psychology, critical reading. You have to have many interests. I try to keep them on the educational, entertaining, delightful plane." Her own interests range from Theodore Roosevelt – "The best book that I

have read is *River of Doubt* by Candace Millard, the story of how Roosevelt charted a 1,000 mile tributary of the Amazon River" – to *Star Trek: the Next Generation*.

"A clue to longevity is my way of thinking: I have a sense of humor that will not die; common sense, which is a rare commodity; and an excellent education in liberal arts."

Mrs. Kuehnoel says she had 100 people at her 100th birthday party. "Preachers, teachers, my 'financial advisor,' professional musicians, my dentist, my pharmacist. All these and many more, each one my personal, much appreciated friend. Such a delightful group of extraordinary people!" She believes that "people don't get old through years, they get old through loneliness."

This year, like last year, she plans to walk to Artist Point on Mt. Baker after the snow melts from the trail. "Anybody can, if they have a grain of sense, keep living," says Mrs. Kuehnoel, "but are they alive? Do they participate in things that are going on?"

Her advice? "Keep busy. Keep up with things. And don't ever lose your sense of humor. There's always a funny side. If you can see it, you've got it made." ■

"A clue to longevity is my way of thinking: I have a sense of humor that will not die; common sense, which is a rare commodity; and an excellent education in liberal arts."

Keep us in the loop



From the time you join a retirement system to the time you begin collecting retirement benefits, some of the initial information you provide can, and probably will, change. Please keep DRS informed when you make any changes to the following:

Beneficiary designation

Your beneficiary designation is one of the most important pieces of information associated with your retirement account. Be sure to keep it up-to-date. If you marry or divorce, you should complete and submit a new form, even if your beneficiary remains the same.

To complete a new *Beneficiary Designation Form*, please visit our Web site at www.drs.wa.gov.

Address

If you move or change your mailing address, please be sure to have your employer update this information on your retirement account.

We require employers to submit any address changes for active members. This ensures that both DRS and your employer have updated information and that you receive correspondence quickly and securely. ■



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- House Bill 2933 extends a \$150,000 death benefit to LEOFF Plan 2 members who die from illness as a result of a job-related exposure.
- Under Senate Bill 6723, eligible surviving spouses and/or dependents of LEOFF Plan 2 members killed in the line of duty are reimbursed for the cost of ongoing health care insurance coverage by the LEOFF Plan 2 trust.

Teachers' Retirement System

- House Bill 2680 allows TRS Plan 2 and 3 members to purchase up to seven years of service credit for educational experience outside the state.

Public Employees' Retirement System

- House Bill 2691 allows judges in PERS to pay increased contributions to fund a retirement benefit with a 3.5% multiplier in Plan 1 and Plan 2. Plan 3 members will receive a 1.6% multiplier.

Public Safety Employees' Retirement System

- House Bill 2685 replaces the list of job titles eligible for membership with a list of specific duties and qualifications.

Washington State Patrol Retirement System

- House Bill 3137 concerns surviving spouses of disabled members. The benefit is determined by a new formula based on the last salary received while on disability, rather than the last salary received before becoming disabled. ■

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Retirement Outlook is available to members in alternate formats. For more information contact the editor at (360) 664-7097.